

**FEDERAL ELECTION COMMISSION**

**OFFICE OF INSPECTOR GENERAL**



**FINAL REPORT**

**AUDIT OF AGENCY  
CONTROLS GOVERNING THE PROCESS FOR  
PROCUREMENT  
OF VENDOR TRAINING SERVICES**

As of July 2000

AUDIT ASSIGNMENT No. 00-01

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## Executive Summary

The fundamental objective of any staff training program, or portion thereof, should be to ensure that *the right training is provided to the right people at the right time and at the right cost*. In addition, the Director of the U.S. Office of Personnel Management has included: “And in the Federal government, we must always take care to add ‘*and in the right way*’ to ensure that the Federal civil service is managed in accordance with the Merit System principles” (Testimony by the Honorable Janice R. Lachance before the Senate Subcommittee on Management, Restructuring, and the District of Columbia, on March 9, 2000). In her testimony the Director indicated that in order to accomplish human capital objectives, the Office of the President has included strategic human resources management as a priority management objective in the fiscal year 2001 budget. In addition, the Director went on to say:

“We must also continue to add value to the workforce that is already on board and find ways to promote the potential of our employees by making them more knowledgeable, more adaptable, and better able to meet changing needs. Part of every employee’s job will be to keep learning about the ever-changing work to be performed. The Clinton/Gore Administration realizes this and has made lifelong learning a priority for the Federal workforce. Continual learning and development are the keys here, with a focus on adding the skills and competencies that will improve results.”

## Audit Summary

The Office of Inspector General (OIG) completed a limited-scope audit of the staff training program at the Federal Election Commission (FEC). We conducted our audit to assess the effectiveness and efficiency of management controls governing the process for procurement of training services obtained through outside vendors. Based on our audit, we conclude that agency controls governing that program are not effective or efficient. Our audit did not examine training developed “in-house,” which is training created and administered by agency staff, for agency staff.

Furthermore, the Code of Federal Regulations requires Federal agencies to maintain a record of all agency training activities. However, based on our detailed examination of agency training records, we conclude that the FEC would not be capable of producing a complete record of training activities which would comply with Federal regulations.

The procurement of vendor training services at the FEC is comprised of a set of operating practices which seem to have simply evolved over time without the aid of written administrative policy and procedures. From agency staff we interviewed during our audit, there is unanimous agreement that the current process for submitting and approving staff requests for vendor training services is a cumbersome, paper intensive process which is extremely costly; especially in terms

of the unnecessary expenditure in staff time. Moreover, this paper driven and labor intensive process results in excessive cycle time, needless duplication of work, misdirected and lost paperwork, and allows payments to vendors for services not received. Even so, the same procedures continue to be followed in the context of applying “past practice” to the process for requesting vendor training services. As a result, the FEC is also subject to the following risks:

- Divisions and major FEC offices follow inconsistent policy and procedures.
- Sound procurement decisions may be inhibited.
- Cost reductions associated with a uniform approach, monitored by an oversight entity, may not be obtained.
- Services may be procured that are below expectations.
- Services may have been purchased in excess of competitive prices.

### Audit Recommendations

For the process to procure vendor training services, in the AUDIT RESULTS section of this report we recommend that the FEC:

- develop policies and procedures that establish effective management controls;
- design controls to ensure that each training request is properly routed through the agency;
- require a standard form to be used for initiating a request;
- maintain a complete record of all agency staff attending vendor training services;
- require staff attending vendor training to certify that training services were received;
- track related travel and other training expenses; and
- replace the current paper-based system of records with an efficient electronic system.

In addition to our audit recommendations, suggestions for improvement of management practices have been provided to the FEC in the form of a Management Letter, which is included as **Appendix A**.

### Summary of Management’s Response to Audit Results

On June 13, 2000, agency management concurred with six of the seven audit findings and related recommendations contained in the draft audit report. According to their response, three of the seven audit recommendations have already been implemented. In addition, management indicates that other audit recommendations will be incorporated as standard operating procedures to be developed by the agency for processing transactions requesting vendor training services.

However, management chose to disagree with our audit recommendation to develop and implement a computer information system to replace the current paper based system of records. The complete text of management's comments to our audit report can be found in this report in **Appendix B**. Our response to management's comments is shown as **Appendix C**.

## BACKGROUND

### Legal and Regulatory Foundation for Federal Training Programs

The Government Employees Training Act of 1958 (GETA), created the framework for Federal department and agencies to plan, develop, establish, implement, evaluate, and fund training and development programs designed to improve the quality and performance of the workforce. Paragraphs (1), (2), and (3) of section 2 of GETA capture the purpose and intent of Federal public policy relating to the training of government staff. In part, GETA declares that such programs shall be designed to:

- improve public service;
- lead to dollar savings;
- build and retain a permanent cadre of skilled and efficient government employees well abreast of scientific, professional, technical, and management developments;
- lower turnover of personnel;
- lead to reasonably uniform administration of training, consistent with the mission of the agency; and
- fair and equitable treatment of Federal employees with respect to training.

The GETA also provided the legal means for authorizing training expenditures, including the authorization for purchasing training from nongovernmental institutions. The GETA was codified into Title 5 of the United States Code (U.S.C.), section 41. The U.S.C. is a codification of those sections of legislative acts that prescribe action by Federal department and agencies.

The U.S. Code of Federal Regulations (C.F.R.) is a codification of the general and permanent rules published in the Federal Register by the executive department and agencies of the Federal government. Federal regulations require agencies to maintain information concerning the general conduct of agency training activities for internal management purposes and for the President and the Congress to discharge effectively their respective responsibilities for supervision, control, and review of training activities. Agencies should maintain records on the following: 1) agency training plans (5 C.F.R., section 410.302(d)); 2) training activities funded and individual staff trained (5 C.F.R., section 410.311); 3) payments made for travel, tuition, fees and other necessary training expenses (5 C.F.R., section 410.406); and 4) evaluations of the results of training and how well agency training activities met short and long-range needs (5 C.F.R., section 410.602).

Executive Orders provide agency heads with additional Presidential direction on how the law is to be used. Executive Order No. 11348, as amended, delegates authority for training to the U.S. Office of Personnel Management (OPM), and directs OPM to provide assistance to Federal department and agencies. While OPM sets overall policy and provides general guidance, Federal agencies are free to develop their own plans, design their own programs, and allocate resources as they think is necessary to meet their needs.

In addition to OPM, three other key agencies impact the administration of Federal training programs: 1) the U.S. Office of Management and Budget (OMB), 2) U.S. General Services Administration (GSA), and 3) the U.S. General Accounting Office (GAO).

The OMB issues various directives that influence the management of Federal programs. For example, OMB Circular A-123, Management Accountability and Control, provides guidance to Federal managers on improving the accountability and effectiveness of programs and operations by establishing, assessing, correcting, and reporting on management controls. In the same Circular, OMB states: “Management accountability is the expectation that managers are responsible for the quality and timeliness of program performance, increasing productivity, controlling costs and mitigating adverse aspects of agency operations, and assuring that programs are managed with integrity and in compliance with applicable law.”

Finally, the GSA affects staff training and development through publication of procurement directives, while the GAO assists Federal department and agencies in the interpretation of laws governing the expenditure of public funds.

As part of its effort to address the human capital crisis currently facing the Federal government; the Senate Subcommittee on Oversight of Government Management, Restructuring, and the District of Columbia asked the GAO to review selected Federal agencies’ training programs for Subcommittee hearings held on May 18, 2000. The GAO gathered information on how the selected Federal agencies design, implement, and evaluate their training programs. The Federal Election Commission (FEC) was not one of the agencies selected to participate in the GAO review.

### Allocation of FEC Funds for Staff Training

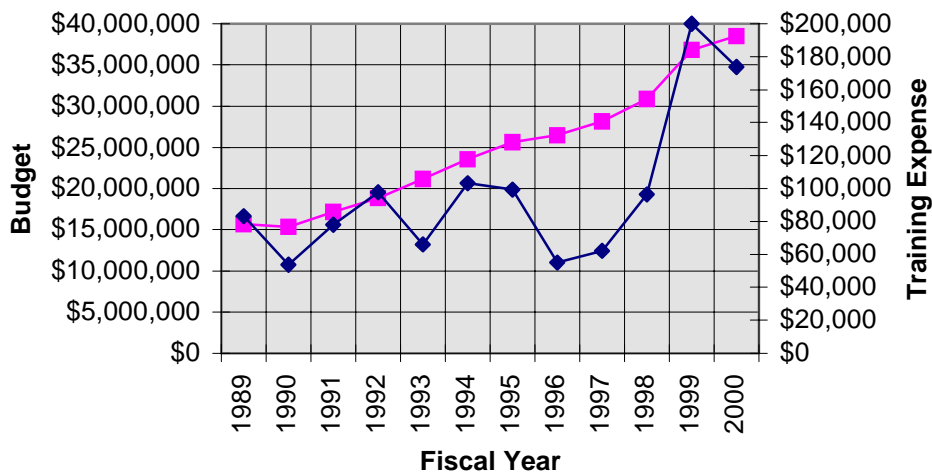
According to the fiscal year 1998-2003 Strategic Plan developed and published by the FEC: “As a personnel intensive agency, over 70% of the Commission’s resources are staff costs, and the remaining 30% represents mainly rent and other direct support for that staff.” For fiscal years 1989 through 2000, **Exhibit No. 1** on page 3, shows the total annual agency budget; the expenditures for vendor training services as reported by the FEC; the percentage of expenditures as part of the annual budget; and the average number of agency staff reported as employed during the fiscal year. The fiscal year runs from the first of October through the end of September of the following year. Consequently, fiscal year 2000 training expenditures as well as the average number of staff are based on budget projections and subject to change prior to year end.

**Exhibit No. 1**

Fiscal Year	FEC Annual Budget	Reported Vendor Training Expenditures	Percentage of Budget	Average Staff For Fiscal Year
1989	\$15,683,000	\$83,200	0.53%	251.3
1990	\$15,330,000	\$53,700	0.35%	241.7
1991	\$17,149,800	\$77,900	0.45%	252.9
1992	\$18,808,000	\$97,700	0.52%	266.2
1993	\$21,143,000	\$66,100	0.31%	270.1
1994	\$23,564,000	\$103,300	0.44%	293.3
1995	\$25,648,000	\$99,400	0.39%	314.8
1996	\$26,521,000	\$55,000	0.21%	308.5
1997	\$28,165,000	\$62,000	0.22%	296.7
1998	\$31,650,000	\$96,500	0.30%	302.7
1999	\$36,850,000	\$208,000	0.56%	322.1
2000	\$38,278,000	\$173,800	0.45%	351.5

Source: Office of Inspector General / Federal Election Commission

For the data shown in the table above, **Exhibit No. 2** depicts the relationship between the total budget as shown by the steadily increasing line, and fiscal year expenditures for procurement of vendor training services.

**Exhibit No. 2:**

Each time that the FEC has been forced to cut expenses in the last ten years, staff training is one of the first items mentioned for reduction. The final FEC appropriation for fiscal year 1991 was the full amount requested; however, the agency reported that it was forced to make cuts in training to cover larger-than-anticipated pay increases for executives and staff. In fiscal year 1995, the FEC froze hiring and most non-personnel spending (e.g., travel, training, printing). Again in fiscal year 1996, the FEC instituted a partial hiring freeze and reported cutting select



non-personnel expenses, such as training and outreach programs. Viewing staff training programs as discretionary spending is consistent with conclusions reached by the GAO. In recent testimony before Congress, the GAO states, “little data exists on the overall Federal expenditures on training, but the anecdotal evidence is that, in trying to save on workforce-related costs, agencies cut back on the training investments needed.” (Managing Human Capital in the Twenty-first Century, GAO/T-GGD-00-77, March 9, 2000)

In her testimony before the same Senate Subcommittee, the Director of OPM stated:

“OPM recognizes that without continuous learning and a real investment in training and development, worker ‘empowerment’ is an empty phrase. Each day brings fresh examples of how a better trained workforce correlates with reduced costs, improved services, and increased customer and employee satisfaction. Up-to-date knowledge, skills, and abilities are critical for both organizational performance and individual employee success.” (Statement of Janice R. Lachance, Director Office of Personnel Management, March 9, 2000)

### OIG Audit Objectives, Scope and Methodology

The primary purpose of our audit was to assess the efficiency and effectiveness of management controls governing the process for procurement of vendor training services at the FEC. Federal regulations require Federal agencies to adopt specific practices for managing the training of agency staff. A key provision of Federal regulations require maintaining a complete record of staff training activities.

To accomplish our audit objectives, we used various methods of data collection including staff interviews, document reviews, and the examination of individual training records for fiscal year 1999. We did not examine training developed “in-house;” which is training created and administered by agency staff, for agency staff.

We conducted our audit survey and fieldwork from December 1999 through May 2000, in accordance with generally accepted government auditing standards appropriate to the scope of the audit described above.

### Statement on Management Controls

As part of our audit, we assessed the system of management controls and operational practices relating to the process for procurement of outside vendor training services. Our assessment was performed to determine whether the FEC has put in place management controls required by OMB directives and Federal regulations. In general, these controls include the policies and procedures the FEC has designed and implemented to establish a process for training agency staff.

Due to inherent limitations, an evaluation made for the limited scope purposes described above, would not necessarily disclose every reportable condition in the staff training program at the FEC. The term reportable condition refers to significant weakness in the design or operation of a management control causing deficient performance. However, we did identify reportable conditions as a result of our audit, and these conditions and their effect on the FEC staff training program are fully described in the AUDIT RESULTS section of this report.

## Audit Results

The Office of Inspector General (OIG) completed a limited-scope audit of the staff training program at the Federal Election Commission (FEC). We conducted our audit to assess the effectiveness and efficiency of management controls governing the process for procurement of training services for agency staff obtained through outside vendors. By conducting our audit in accordance with generally accepted government auditing standards, we are also required to evaluate agency compliance with applicable Federal laws and regulations. Throughout the audit, we regularly updated management on program risk which we identified in the conduct of our audit work. In this report, we have provided audit recommendations which we believe will improve program performance and reduce risk inherent in any agency operation. In addition to our audit recommendations, suggestions for improvement of management practices have been provided to the FEC in the form of a Management Letter, which is shown in this report as **Appendix A**.

Initially, the focus of our audit was the training file maintained by the FEC Office of Personnel. Because those training records were found to be incomplete for the period under review, we expanded the scope of our audit. Ultimately, our examination of records pertaining to the procurement of vendor training services became agency-wide. Therefore, an agency-wide approach will be needed to implement the recommendations contained within this audit report.

Based on our audit work, we conclude that agency controls governing the process for procurement of vendor training services are neither effective nor efficient. Our audit also found that the FEC would not be capable of producing a complete record of all staff training activities which would comply with existing Federal laws and regulations. However, from our detailed examination of training records, we noted no specific instances of either fraud or abuse.

As described below, Federal regulations specifically require that the FEC maintain evidence of training activities in four general areas. Our audit primarily concentrated on the regulation provisions contained within numbers two and three. We did not attempt an in-depth review of agency training plans required by provision number one, and we found no evidence to indicate that the agency evaluated the effectiveness of vendor training services, as required by provision number four.

### Federal Regulations and Management Controls

Federal regulations require agencies to maintain information concerning the general conduct of agency training activities for internal management purposes and for the President and the Congress to discharge effectively their respective responsibilities for supervision, control, and review of training activities. Specifically, Federal regulations require evidence of: 1) agency training plans (5 C.F.R., section 410.302(d)); 2) training activities funded and individual staff trained (5 C.F.R., section 410.311); 3) payments made for travel, tuition, fees and other necessary training expenses (5 C.F.R., section 410.406); and 4) evaluations of the results of training and how well agency training activities met short and long-range needs (5 C.F.R., section 410.602).

In addition to the requirement imposed on the agency of maintaining an adequate record on agency training activities, the U.S. Office of Management and Budget (OMB) in Circular A-123, Management Accountability and Control, states:

“Agencies and individual Federal managers must take systematic and proactive measures to (i) develop and implement appropriate, cost-effective management controls for results-oriented management; (ii) assess the adequacy of management controls in Federal programs and operations; (iii) identify needed improvements; (iv) take corresponding corrective action; and (v) report annually on management controls. OMB Circular A-123 defines management controls as “the organization, policies, and procedures used to reasonably ensure that (i) programs achieve their intended results; (ii) resources are used consistent with agency mission; (iii) programs and resources are protected from waste, fraud, and mismanagement; (iv) laws and regulations are followed; and (v) reliable and timely information is obtained, maintained, reported and used for decision making.”

According to OMB Circular A-123, a subset of management controls are the following four internal controls:

1. Delegation of Authority and Organization
2. Separation of Duties and Supervision
3. Access to and Accountability for Resources, to include that custody and use of resources should be assigned and maintained.
4. Recording and Documentation - the documentation for transactions, management controls, and other significant events must be clear and readily available for examination.

The following explicit example of an effective management control is contained in OMB Circular A-123: “the management control standard of organization would align staff and authority with the program responsibilities.” Conversely, our audit revealed that because the FEC has not developed written policy and procedures for the process to procure vendor training services, no management control standard of organization has been established or documented. Consequently, as described below, this prevents proper alignment of staff authority with official responsibilities.

### Written Policy and Procedures Needed to Establish Control

The FEC Office of Personnel is a conduit for connecting the administration of the agency’s training programs with administrative guidance issued by the U.S. Office of Personnel Management, as well as other Federal entities. To carry out their responsibilities, management staff in the FEC Office of Personnel must have access to information on agency training activities. Over time, the function of training agency staff has evolved to become solely the responsibility of the division/office manager. Hence, justification for training is often not included in a training request. This was not consistent with training procedures experienced by

the new personnel staff while working at other Federal agencies. Without documented policy and procedures, misunderstanding of program responsibilities between parties with overlapping authority can occur.

The only written provisions identified during our audit, relating to policy and procedures for agency staff requesting vendor training services, reside within Article 24 of the Labor Management Agreement between the FEC and the National Treasury Employees Union (see **Appendix D**). While the Labor Management Agreement may provide equality to union members in the application of agency practices, it is not an adequate substitute for ensuring that a program adheres to Federal laws, regulations, and directives.

As mentioned earlier in the BACKGROUND section of this report, a Senate Subcommittee asked the GAO to review selected Federal agencies' training programs for Subcommittee hearings held on May 18, 2000. In preparation for its testimony, the GAO sent a data collection document to select Federal agencies with a list of policy issues to be evaluated. The following bullets identify policy issues targeted by the GAO:

- Who or what office within the agency is accountable for evaluating the agency's training program?
- How does the agency track the specific training completed by individual employees?
- How does the agency measure the extent to which training programs contribute to improved performance of agency mission and strategic goals?
- How does the agency determine the cost of providing training? What cost components are included?
- How does the agency determine its training budget?
- How does the agency ensure that sufficient training slots are available to meet employees' needs?
- Does the agency require that staff meet certain training requirements?
- What criteria does the agency use in deciding whether to develop internal versus external sources of training?
- What priorities has the agency established?
- How does the agency identify the skills needed by its employees to successfully perform the agency's mission and strategic goals?
- How does the agency measure the extent to which its employees have the skills identified as necessary?
- How does the agency plan to use training to address any gaps between needed and existing levels of employees' skills?

In addition to the issues listed by the GAO, to aid management in developing written policy and procedures; throughout this report we will be looking at the agency's process to acquire vendor training services, identify program shortcomings, and offer our recommendations for improvement.

Without documented administrative policy and procedures, front-line managers cannot properly administer or monitor program operations. Our audit provided strong evidence demonstrating the adverse effect that an absence of administrative guidance has on agency operations. For example, during our detailed examination of staff training records we found the following:

- When we were able to confirm changes were made to an original training request, documentation detailing the change was consistently missing from agency-wide training files. Without a complete record of all related transactions affecting each individual training request, funds can be disbursed for training services not received. For example, if training is canceled after being requested; this event needs to be recorded and processed expeditiously to the Finance Office.
- The agency appears to have purchased training at substantially higher prices than rates charged by other vendors providing similar training. Two instances were of particular significance:
  - ⇒ The first instance involved paying \$1,145 for one member of the agency to attend training entitled, The Grammar Course. Ironically, during the year the same division purchased similar training for staff at a much lower rate. For example, for courses entitled Professional's Grammar Review and Grammar Skills for Federal Employees, the cost of training was \$139 and \$295, respectively.
  - ⇒ The second instance involved paying \$8,900 for one member of the agency to attend approximately two weeks of training entitled, Senior Managers in Government.

While cost is not the sole determining factor in selecting training, the lack of administrative guidance may cause a higher expenditure of funds than is necessary.

We believe the first priority should be for the FEC to establish and document program policy and procedures. OMB Circular A-123, Management Accountability and Control, requires Federal agencies to implement management controls to ensure reliable and timely program information is obtained, maintained, reported and used for decision making. In addition, OMB Circular A-123 requires that the documentation for management controls, and other significant events must be clear and readily available for examination.

**Audit Recommendation No 1:** We recommend the FEC develop written policies and procedures that establish and document effective management controls for the procurement of vendor training services consistent with OMB Circular A-123.

**Management's Comments to Audit Recommendation No. 1:** *"We concur. The improvement in the procurement of vendor training has begun. Since April 1, 2000, the Office of Personnel has required that all requests for vendor training be submitted on a SF-182, and since October 1, 1999, the Office of Personnel has maintained a file, by office, of each employee's training. In*

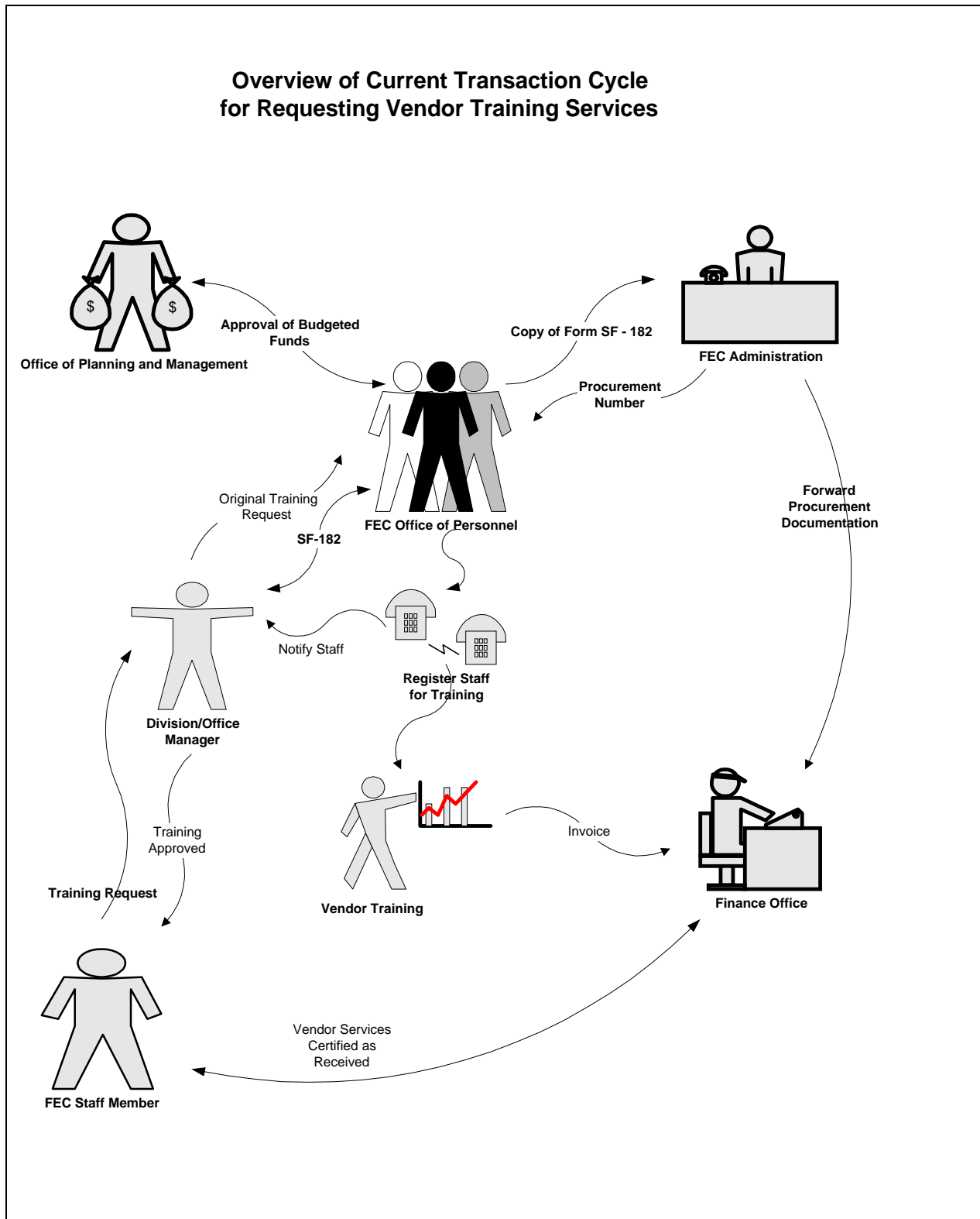
*addition, the Office of Personnel will draft policies and procedures for the procurement of vendor training, establishing effective management controls in conformance with the requirements of OMB Circular A-123. The procedures also will conform to the negotiated policies established through the collective bargaining process with the National Treasury Employee Union. The Office of Personnel plans to implement the full set of policies and procedures in October 2000.”*

**OIG Response to Management’s Comments on Audit Recommendation No. 1:** The agency’s completed and planned actions are responsive to the audit issues identified. The planned actions, when fully implemented, should satisfy the intent of the audit recommendation. Furthermore, the milestone date provided for implementing corrective action, appears to be reasonable.

### The Transaction Cycle for Requesting Vendor Training Services

The procurement of vendor training services at the FEC is comprised of a set of operating practices which seem to have simply evolved over time without the aid of documented guidance. From agency staff we interviewed during our audit, there is unanimous agreement that the current process for submitting and approving staff requests for vendor training services is a cumbersome paper intensive process, which is extremely costly especially in terms of unnecessary expenditure in staff time. Even so, the same ineffective and inefficient procedures continue to be followed in the context of applying “past practice” to the request process.

The typical flow of information and documentation for requesting vendor training services is depicted in **Exhibit No. 3**, on page 11. Starting at the bottom left hand corner of the chart, an individual submits a request for training to the division/office manager. If the request is approved, the division/office will prepare and forward a written training request to the FEC Office of Personnel. At the Office of Personnel a personnel specialist will transfer the information received in the original training request into an electronic version of a Standard Form - 182 (see **Appendix E**). The SF-182 was developed by the U.S. Office of Personnel Management to capture all the necessary information for the request, authorization, agreement, and certification of staff training. The electronic version of the SF-182 is maintained in a computer software program at the FEC, which can be accessed using the agency’s computer network. After completing the SF-182, the Office of Personnel will send it to the originating division/office for review and approval.

**Exhibit No. 3**

Source: Office of Inspector General / Federal Election Commission



When the signed SF-182 returns from the division/office, the Office of Personnel submits the original copy to the Director, Planning and Management. The role of the Director is to determine whether the division/office has enough funds remaining in their training budget to acquire the requested training. Provided the funds are available the Director, Planning and Management initials the SF-182 and returns it to the Office of Personnel for further processing.

The Office of Personnel next sends the SF-182 to the Office of Administration, so funds can be committed from agency appropriations to pay for the requested training. The Administrative Officer assigns a sequential purchase order number and enters it onto the SF-182, retaining a copy of the form for the file. The Office of Administration returns the original SF-182 to the Office of Personnel and sends a copy to the Finance Office for obligation of agency funds. Upon receiving the purchase order number, the administrative specialist in the Office of Personnel will contact the vendor to register the employee, and also notify the appropriate division/office confirming the reservation for training.

### Uniform Processing Procedures Need to be Established

Based on our examination of agency training records, we found that not all training transactions requesting vendor services are being routed uniformly throughout the agency. For fiscal year 1999, the FEC Office of Administration committed a total of \$216,679 for vendor training services. Records on file for those same services at the division/office level only showed agency staff requesting a total of \$192,166. Furthermore, records for the same services over the same period at the Office of Personnel only totaled \$93,768. Conspicuously absent from the training file maintained by the Office of Personnel were records relating to training for groups of staff. A training request may be a transaction requesting training for only one employee, or it may be a single request for training a group of thirty or more staff in one particular subject matter. According to our audit, a total of \$117,011 was committed by the Office of Administration to procure group training using outside vendor services. From this total, we calculated that \$98,019 or approximately 84 percent, was missing from the training records on file in the FEC Office of Personnel.

To carry out their official duties, staff responsible for training activities must have access to reliable program information. As previously stated, OMB Circular A-123, requires Federal agencies to implement management controls to ensure reliable and timely program information is obtained, maintained, reported and used for decision making.

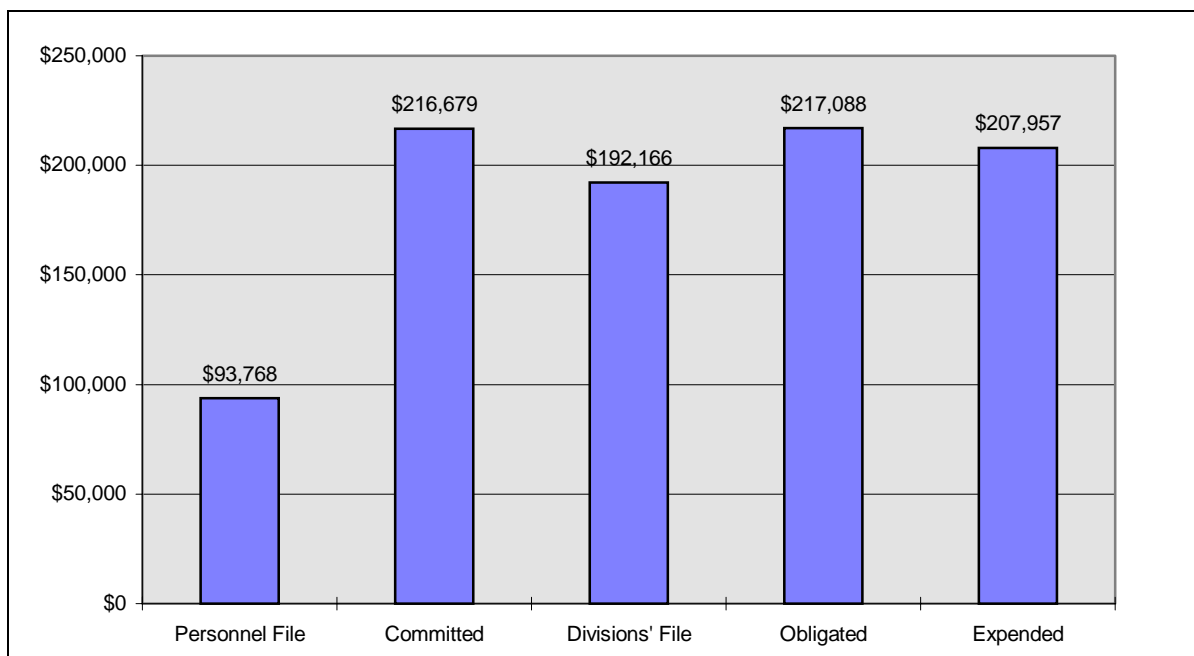
**Audit Recommendation No. 2:** We recommend that the FEC design and implement management controls to ensure that each training request is uniformly processed through the agency.

**Management's Comments to Audit Recommendation No. 2:** *"We concur. The policies and procedures for the procurement of vendor training described in our response to Recommendation 1 will establish a uniform process so that all training requests are handled in the same manner."*

**OIG Response to Management's Comments on Audit Recommendation No. 2:** The agency's planned actions are responsive to the audit issues identified, and when fully implemented, should satisfy the intent of the audit recommendation.

The following bar chart summarizes the results of our audit findings relating to funds requested and committed for vendor training services for fiscal year 1999. In addition, the fourth and fifth columns report funds obligated and expended, respectively. Agency financial reports dated March 31, 2000 showed total funds obligated for vendor training services as \$217,088 and total funds expended as \$207,957. At the time of this audit report, not all vendor invoices for fiscal year 1999 training services had been received by the Finance Office. When these outstanding invoices are processed, and the accounting system is closed out for the period, funds obligated should agree with funds expended.

**Exhibit No. 4:**



Source: Office of Inspector General / Federal Election Commission

### Standard Form Needed For Initiating the Request

There is no standard form used at the division/office level to initiate a request for vendor training services. Consequently, the initial training request is generated in many different formats, often lacking critical information needed to complete the processing of the training transaction. To compensate for these shortcomings, as described earlier, a practice began in the Office of Personnel to copy the information from the original training request onto a SF-182. The Office of Personnel will contact the division/office regarding any missing information and after completing the SF-182, send it to the originating division/office for review and approval.

Through past practice, staff in the division/office know to return the paper copy SF-182 to the Office of Personnel for further processing. The Office of Personnel often does not keep a copy of the original training request; and just as often, the division/office does not retain a copy of the SF-182.

One obvious way to improve the current process is to have each division/office submit a SF-182 when requesting vendor training services. Information could be initially entered onto the computerized version of the SF-182; a paper copy could be printed, approved, and submitted to the Office of Personnel. This procedure would immediately improve the current process by: 1) ensuring all information necessary to process the training transaction is entered before initially submitting the request, 2) reducing unnecessary burden on staff in the Office of Personnel, 3) eliminating the unnecessary practice of returning the paper copy SF-182 to the originating office, 4) eliminating retention of different versions of the same request for training, and 5) speed up the entire training request process, while at the same time reducing waste.

The current process to initiate a request for vendor training services at the FEC does not adhere to Federal policy statements for minimizing waste in government programs. For instance, OMB Circular A-123 states:

“The proper stewardship of Federal resources is a fundamental responsibility of agency managers and staff. Federal employees must ensure that government resources are used efficiently and effectively to achieve intended program results. Resources must be used consistent with agency mission, in compliance with law and regulations, and with minimal potential for waste, fraud, and mismanagement.”

**Audit Recommendation No. 3:** We recommend the division/office use only the SF-182 for generating a request to the Office of Personnel for vendor training services.

**Management’s Comments to Audit Recommendation No. 3:** *“We concur, and this recommendation has been implemented. Since April 1, 2000, the Office of Personnel has required that all requests for vendor training be submitted on a SF-182. Requests for training submitted in any other format are returned unprocessed, and the Office of Personnel no longer prepares SF-182s for other offices. We see no need to accept only computer-generated SF-182s. Any properly completed, legible SF-182 is acceptable and will be processed. The policies and procedures for the procurement of vendor training described in our response to Recommendation 1 will require the use of the SF-182 for all training requests.”*

**OIG Response to Management’s Comments on Audit Recommendation No. 3:** The agency’s reported actions are responsive to the audit issues identified. Based on a subsequent review of training records on file in the Personnel Office, this audit recommendation is considered closed.

### A Complete Record of Training Activities Needed

As stated previously, Title 5 of the CFR, section 410.311 requires Federal agencies to maintain a record of “training activities funded and individual staff trained.” However, the FEC does not maintain a record of all agency staff attending training. This was especially evident when a division/office would request that vendor services be purchased so that a large group of staff could attend a training event. As previously explained, a training request may be a transaction requesting training for only one employee, or it may be a single request for training a group of thirty or more staff in one particular subject. Although, the anticipated cost of the vendor services might be included on the training request to indicate the maximum number of staff allowed to attend the training; according to our audit, in most instances the agency had no record of who actually went to the group training exercise.

**Audit Recommendation No. 4:** We recommend the FEC establish management controls ensuring that a complete record is maintained of all staff attending vendor training services sponsored by the agency.

**Management’s Comments to Audit Recommendation No. 4:** *“We concur, and this recommendation has been implemented. Since October 1, 1999, the Office of Personnel has maintained a file, by office, of each employee’s training, and the official record of training will be maintained by fiscal year by the Office of Personnel. The policies and procedures for the procurement of vendor training described in our response to Recommendation 1 will require all participants attending training, individual or group, to have a record of their training documented using the SF-182 maintained in the Office of Personnel.”*

**OIG Response to Management’s Comments on Audit Recommendation No. 4:** The agency’s reported actions are responsive to the audit issues identified. Based on a subsequent review of training records on file in the Personnel Office, this audit recommendation is considered closed.

### Stronger Controls Needed For Certifying Training Services Received

During our examination of records on file in the FEC Finance Office, we came across documentation showing a payment made for vendor training services before notice was received that the employee initially requesting the training contacted the vendor and canceled. Following up on this issue, we identified a management control that should have detected this condition prior to payment being made. After training is received, but before payment is made, the Finance Office sends a FEC Form 10-14 to staff attending vendor training (see **Appendix F**). This standard form was developed by the FEC to serve the function of a receiving report. The form is designed to be signed to certify that training services were actually received, a debt has been

incurred, and payment should be approved. After being signed, the FEC Form 10-14 is sent back to the Finance Office and attached to the vendor invoice.

During our audit, we found no agency directive which required the individual actually attending the training to certify that training services were received. Regarding the particular incident cited above, a special assistant signed the FEC Form 10-14 certifying that training was received which released the payment. Our examination of training records showed that out of 171 vendor invoices on file in the Finance Office, 167 invoices were approved for payment. Although all 167 disbursements were supported with a signed FEC Form 10-14; only 23 forms, or approximately 14 percent were signed by the individual actually attending the training.

Consequently, in one of the few instances where we were able to establish that a management control existed and was applied to every record in the file when applicable, the control was found to be ineffective. As stated earlier, according to OMB Circular A-123, Management Accountability and Control, the third objective for establishing effective management controls is to ensure that policies and procedures protect programs and resources from “waste, fraud, and mismanagement.” If the staff attending agency training were required to sign a form certifying that training services were received; not only would it aid in preventing inappropriate payment to vendors, but also attest to the fact that the individual actually attended the training. Without a control of this type, it would be difficult to establish evidence of an action committed in error versus an act of program fraud.

**Audit Recommendation No. 5:** We recommend the FEC require all staff attending training to sign a form certifying that the vendor training services have been received.

**Management’s Comments to Audit Recommendation No. 5:** *“We concur, and this recommendation has been implemented. As of April 1, 2000, the Personnel Office has required employees attending training to sign the original SF-182 after they have attended the training in order to certify their attendance and completion of the training. This requirement will be incorporated in the policies and procedures for the procurement of vendor training described in our response to Recommendation 1. We, however, will continue to require that all receiving reports, FEC Form 10-14, for training be signed by designated staff authorized to approve payments.”*

**OIG Response to Management’s Comments on Audit Recommendation No. 5:** The agency’s reported actions are responsive to the audit issues identified. The OIG would like to reemphasize the importance of communication between the management official who signs the receiving report: FEC Form 10-14, with the employee attending the training. Specifically, it is important for the employee to confirm in writing to the authorizing official (by signing the SF-182 after completing the training) that in fact the vendor services were received. Based on a subsequent review of training records on file in the Personnel Office, this audit recommendation is considered closed.

### Travel and Related Training Expense Need to be Tracked

During our audit, we were also monitoring the accuracy and completeness of other financial information required to be maintained by Federal regulations. As previously stated, Title 5 of the CFR section 410, requires a record of payments made for travel, tuition, fees and other necessary training expenses.

Based on agency documentation, the FEC could not identify all travel and related training expenses as required by Federal regulations. We asked the agency to identify travel and related expenses associated with staff attending vendor training activities for fiscal year 1999. The agency provided a report listing funds disbursed for travel expense which proved to be incomplete. For example, our audit found that no travel expense was listed on the agency's report for staff attending vendor training in the following major cities: San Francisco, New Orleans, Chicago, San Antonio, and Tampa.

At the FEC, all travel related expense is recorded and reported on a FEC Form 10-5, the Official Travel Authorization (see **Appendix G**). This form is completed by staff when traveling outside the local commuting area on official duties, including attending approved training. For financial accounting purposes, travel expense is identified using a unique and distinct account classification code different from the account classification code used to identify staff training activities. Furthermore, purchase order numbers assigned to travel authorization requests also use a unique and distinct alpha/numeric code. Consequently, there appears to be no primary identifier to tie travel and other training expense with a related request for vendor training. Although space is provided on the SF-182 for estimating the entire cost of training, including travel and miscellaneous expense; that box is not currently used at the FEC.

**Audit Recommendation No. 6:** We recommend the FEC include all cost of training on the request for training (SF-182), including related expenses estimated and reported on the travel authorization form.

**Management's Comments to Audit Recommendation No. 6:** *"We do not object to this recommendation. The policies and procedures for the procurement of vendor training described in our response to Recommendation 1 will require that the estimated cost of travel, for out-of-town training, be included on the SF-182. The actual cost of training will not be included on the SF-182. We note that 5 CFR 410.406 states that "agencies shall retain in such form and manner as the agency head considers appropriate, a record of payments made for travel, tuition, fees and other necessary training expenses for a reasonable period of time". It does not appear that Section 410 requires that training and travel expenses be linked. In conformance with OMB Directive A-11, the directive that establishes federal budgeting and reporting standards, we record and track training and travel expenses in their separately defined object classes. Thus, while we do not object to this recommendation, we are not aware of a requirement that training and travel expenses be linked for each training course."*

**OIG Response to Management's Comments on Audit Recommendation No. 6:** The primary intent of this audit recommendation is to ensure an audit trail exists to identify all training related

expense. While the agency's planned actions are responsive to the audit issue, to fully satisfy the intent of the audit recommendation; the agency should in fact be capable of linking travel and related expenses with the corresponding training course. This type of internal control would ensure that the program is in alignment with guidelines established in OMB Circular A-123, which requires Federal agencies to implement management controls to ensure reliable program information is reported.

### The Processing of Information Should be Computerized

While the discussion thus far has addressed improvement in the current paper processing system, we believe that the long term solution is in the design and implementation of a computer information system to store agency records relating to the procurement of vendor training services. The FEC has developed and implemented a computerized planning and budgeting system driven by program based workloads and activity data; however, agency training records are not maintained as part of that system.

The policy section of OMB Circular A-130, Management of Federal Information Resources, directs Federal agencies to plan in an integrated manner for managing information throughout its life cycle. Circular A-130 states that agencies shall record, preserve, and make accessible sufficient information to ensure the management and accountability of agency programs, and to protect the legal and financial rights of the Federal Government; and incorporate records management and archival functions into the design, development, and implementation of information systems. Furthermore, OMB directs Federal agencies to use electronic collection techniques where such techniques reduce burden on the public, increase efficiency of government programs, reduce costs to the government and the public, and/or provide better service to the public.

The FEC could substantially increase the efficiency of processing agency information relating to the procurement of vendor training services by using computer technology already existing within the agency. The FEC has acquired a network based version of a computer software application, referred to as FormFlow. This software allows the computer user to enter data into an electronic copy of any standard form stored within the application. For example, at the FEC one of the standard forms stored on the FormFlow application is a copy of the SF-182, developed by the U.S. Office of Personnel Management for requesting training services. The electronic version of the form is a template, that when attached to a computer database allows information entered onto the form to be saved to a central repository. Storing all the vendor training records in one computer database would allow for easy access to information and ensure that an accurate repository of data is available for administrators making training related decisions and for reporting on program results.

In addition, the FormFlow software has the capability to send electronic copies of the SF-182 across the internal computer network. If this capability was combined with advanced digital signature technology, transferring the training request throughout the agency would become simply a matter of pushing a button on the computer keyboard. An electronic signature is a data authentication process which provides assurance that data associated with the signature has not

been altered or changed. Electronic transfer of training records would substantially reduce unnecessary staff hours along with the risk currently associated with processing excessive amounts of paperwork. During our audit, we found that the single use of the FormFlow application, as applied to activities for procurement of vendor training services, was limited to staff in the FEC Office of Personnel entering data into the computerized version of the SF-182, in order to replace the original paper training request.

In our research for this audit, we obtained information regarding a computer system developed at another Federal agency for recording and tracking staff training activities. The FEC has the computer technology available to develop a system which could emulate the major attributes of that computer system, which include:

- On-line entry of training requests by employees or others.
- On-line approvals by supervisors, funding officials, human resources staff.
- On-line transfer/commitment of funds.
- On-line catalog of in-house courses.
- On-line tracking of status of approvals.
- On-line communication capability between all offices.
- On-line certification of the status of course completion.
- Hard copy reports and training requests.
- Interface with e-mail to provide automated messages to employees and approving officials that action is required, or that action has been taken.

**Audit Recommendation No. 7:** We recommend the FEC develop and implement a computer information system to replace the paper based system of records currently maintained for requesting and acquiring vendor training services.

**Management's Comments to Audit Recommendation No. 7:** *"We disagree. As discussed above, with an annual training budget of approximately \$200,000, less than .6% of the annual Commission budget, and with no indication that automation of the training request process will create more efficiencies than the implementation of procedures incorporating IG Draft Report Recommendations 1 through 6, we do not believe that an automated vendor training request process would be cost effective. OMB Circular A-130 does not require federal agencies to automate all processes, and OMB Circular A-123 instructs agencies "to develop and implement appropriate, **cost-effective** management controls." (emphasis added)*

*The IG draft report provides an example of an agency that has implemented an automated system to record and track training activities. We understand that the agency is the National Science Foundation (NSF). NSF hired a contractor to develop a custom system to support an annual training budget of \$1.4 million (FY 1999) for 1,150 FTE. While this expenditure may have been cost effective for the NSF with its large training budget and large staff, we believe the costs outweigh the benefits for the Commission with a \$200,000 training budget and approximately 350 FTE.*



*In addition, as described above, the Commission has a number of high priority IT projects that must be implemented. Because of this we cannot expend resources on the evaluation and development of a system of lesser priority. One of the pending projects is the implementation and conversion to new accounting software. After the conversion to the new software, we plan to incorporate, in stages, the automation of the procurement process.”*

**OIG Response to Management’s Comments on Audit Recommendation No. 7:** As stated, management does not believe that an automated vendor training request process would be cost effective. Management supports their position by citing the small percentage of the agency’s annual budget expended on training courses procured from outside vendors. One of the things management fails to take into account is that while those expenditures may be a small percentage of the overall budget, there is a substantial investment in staff resources in order to process training requests through the agency. This transaction flow is documented in detail in **Exhibit No. 3** of our audit report. As shown, paper copies of training requests along with related documentation are transferred and kept on file in at least four different agency locations: the individual division/office, the Office of Personnel, the Office of Administration, and the Finance Office. Agency staff in each of these offices have a reoccurring need for the information provided on the paper forms used to request procurement of vendor training services. Consequently, maintaining the paper based transaction process consumes a significant amount of agency staff time, which could be put to better use provided a central repository of information was available upon demand.

To further support their position in this regard, management takes an example used in our audit report discussion which describes an automated training request system successfully implemented at another Federal agency. Management reasons that because that Federal agency is three times larger than the FEC, implementation of an automated training request system may be cost effective for them; but not for a smaller agency, such as the FEC. We believe that this conclusion needs further analysis before being accepted.

Management also identifies a number of information technology projects at the FEC with a higher priority than computerizing the process for agency staff to request vendor training services. While we acknowledge the importance of first implementing systems with a higher priority, we do not believe those efforts should mutually exclude the development of internal systems which increase the agency’s efficiency. As stated in the body of our audit finding, the FEC currently has the necessary computer technology to develop a central database, as well as the ability to transfer vendor training requests electronically through the agency. As such, not only would the conversion from paper forms to electronic medium be a net savings, but also in alignment with the initiative to transition to an electronic Federal government. The intent of that government-wide transformation is to ensure that automatic data processing and other information technologies are acquired and used to improve service delivery and program management, increases productivity, improve the quality of decision making, reduces waste and fraud, and wherever practicable and appropriate, reduce the information processing burden for the Federal government and for persons who provide information to and for the Federal government.

Considering the proposed development initiatives at the FEC, the audit recommendation to have the agency develop a computer-based repository of records for requesting procurement of vendor training services; is modified as follows: **We recommend the FEC develop and implement a computer information system to replace the current paper based system of records for requesting and acquiring vendor training services, to coincide with the planned automation of the agency's procurement process.**

### Summary

During our audit, we identified a substantial number of anomalies as a result of ineffective and inefficient controls governing the process for procurement of vendor training services. If the FEC would design formal administrative policies and procedures, as well as adopt our other audit recommendations, significant weaknesses in the current program could be eliminated. We also believe that during the design stage for developing policy and procedures, the FEC will identify other methods to streamline and improve the current process. Ultimately, the paper process should be reengineered to take advantage of existing agency resources and the efficiencies offered by advances in computer technology.




FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

## MEMORANDUM

To: Alison Doone  
Deputy Staff Director

William J. Fleming, Director  
Office of Personnel and Labor Relations

From: Lynne A. McFarland   
Inspector General

Date: June 12, 2000

Subject: Management Letter Regarding: "Audit of Agency Controls Governing  
Procurement of Vendor Training Services," (Audit No. 00-01).

The Office of Inspector General (OIG) has completed an audit of program operations for the procurement of vendor training services at the Federal Election Commission (FEC). As a result of our audit, we identified findings which are not adverse enough to be included in our audit report, but are significant enough to be brought to the attention of management.

### **Finding Number 1: Payments Made for Training Services Not Received**

*Current Condition:* For fiscal year 1999, the FEC approved the disbursement of funds for training not received. Listed below are three incidents of the FEC paying vendors but receiving no training services in return.

- In one instance the agency was required to pay a \$500.00 penalty fee as a result of canceled training for vendor services purchased to train a group of agency staff in the last month of the fiscal year in a subject area entitled, Dealing with Employee Attitude Problems. Available documentation indicated that the training was canceled due to a lack of interest by division staff in the particular subject being offered.
- In another case, the agency was required to pay a penalty fee of \$154.00 because the staff member originally requesting the training was unable to attend, no replacement was sent, and the vendor was not notified of the cancellation prior to the scheduled training.

- In a third instance, a senior manager was unable to attend training at the last minute due to a scheduling conflict; however, the \$525.00 vendor invoice was approved for payment, anyway.

*Cause of Condition:* A different cause seemed to exist for each of the three incidents described above.

- In the first instance, the \$500 penalty fee could be the result of any number of circumstances, which might include: Purchasing training without an adequately assessment of staff interests and needs; or the uncertainty relating to the funds available for training staff in the agency's compliance program that occurred in fiscal year 1999.
  - a) According to training records, the division requested a total of \$142,923 for vendor training services for fiscal year 1999. Of that total, only \$25,256 or approximately 18 percent of the funds were used during the first 10 months of the fiscal year.
  - b) Of the total \$142,923 for vendor training services, \$88,812 or approximately 62 percent were used to purchase vendor services to train division staff in group style settings. Of the \$88,812 committed for group training, \$81,791 or approximately 92 percent was used in just two and a half months. This included the final month and a half of fiscal year 1999 along with the first month of fiscal year 2000.
- In the second case, the \$154 was a penalty fee levied against the agency for not notifying the vendor in a timely manner that the requested training was being canceled. Whether the division knew that the individual requesting the training would not be able to attend prior to the scheduled day of training could not be established based on the available evidence. However, it was determined that no notice of the cancellation was routed through the agency prior to the vendor invoice arriving at the Finance Office.
- In the third situation, the \$525 payment was not a penalty fee levied by the vendor, but an improper disbursement because vendor services were certified as received; when in fact, the training was never attended.

*Impact of Condition:* Public funds have been wasted. Absent effective management controls, the risk of the FEC disbursing funds for training services not received will continue to exist in this program.

*Government Criteria:* In its Circular A-123, Management Accountability and Control, the Office of Management and Budget (OMB) states: "Management accountability is the expectation that managers are responsible for the quality and timeliness of program performance, increasing productivity, controlling costs and mitigating adverse aspects of agency operations, and assuring that programs are managed with integrity and in compliance with applicable law."

*OIG Suggestion:* We suggest that the FEC establish management controls to: 1) ensure staff training needs are evenly addressed throughout the fiscal year when possible; 2) identify vendor training services that are subject to a cancellation penalty, and ensure that replacement staff are available if necessary; and 3) ensure that cancellations for requested training are recorded and routed expeditiously to the responsible officials.

**Finding No. 2: Request for Training Not Approved**

*Current Condition:* A request for a division director to attend training had no evidence of approval by a higher authority.

*Cause of Condition:* Training documentation was not routed to the proper approving official.

*Impact of Condition:* When the management control of the separation of duties / oversight is bypassed, the program becomes susceptible to abuse.

*Government Criteria:* OMB Circular A-123, Management Accountability and Control, states that separation of duties and supervision is a subset of management control used to assure that there is prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets.

*OIG Suggestion:* We suggest that the FEC design and implement management control procedures to ensure that all training requests are routed to the proper authority in order to receive approval.

**Finding No. 3: Staff Training Not Aligned with Agency Planning**

*Current Condition:* No human resources goals or objectives including staff training activities, are mentioned as performance measures in either the agency's five-year strategic plan or the most recent annual performance plan.

*Cause of Condition:* Regarding Federal agency compliance with the Government Performance and Reporting Act of 1993 (GPRA), the General Accounting Office (GAO) has recently reported:

“Most of the fiscal year 2000 annual performance plans do not sufficiently address how the (Federal) agencies will use their human capital to achieve results. A useful first step for many Federal agency leaders would be to adopt a human capital focus – to put the spotlight on their human capital approaches in light of their missions, visions for the future, core values, goals, and strategies, in an effort to see whether they are managing their most important assets to their fullest advantage. The general lack of attention to human capital issues is a very

serious omission because only when the right employees are on board and provided the training, tools, structure, incentives, and accountability to work effectively is organizational success possible.”(GAO/GGD/AIMD-99-215, Agencies’ Fiscal Year 2000 Performance Plans, page 25).

*Impact of Condition:* If training strategies are not linked to the agency’s planning initiatives, staff development becomes individually focused and may bear little relationship to achieving the agency’s overall goals. In fact, if training budgets cannot be defended in terms of their impact on accomplishing the organization’s objectives; they will eventually be raided.

*Government Criteria:* OMB Circular A-11, Preparation and Submission of Annual Performance Plans, states that:

“In addition to performance goals and indicators related to programs or specific organizational units, annual plans may include agency-wide goals (including those for internal functions) and means-type goals. Agency-wide goals and indicators typically involve the agency workforce or the workplace environment.”

According to Congressional testimony before a Senate Subcommittee on May 18, 2000, OMB and the Office of Personnel Management (OPM) are drafting regulations that will require agencies to include training goals in their annual performance plans as part of preparing fiscal year 2002 budgets.

*OIG Suggestion:* We recommend that the FEC incorporate human capital performance goals into the agency’s annual performance plan, in order to align staff training with achieving the agency’s mission and goals. This would ensure that funding is keyed to an effective system of needs assessment and priorities and not an artificially established budget target.

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If the conditions above are adequately addressed, along with the audit recommendations in our subject report, we believe that the FEC will substantially reduce its exposure to program risk. If you have any questions or require additional information, please call me or Steve Lachenmyer of my staff on 694-1015.



FEDERAL ELECTION COMMISSION  
WASHINGTON, D.C. 20463

June 13, 2000

**MEMORANDUM**

**TO:** Lynne A. McFarland  
Inspector General

**THROUGH:** James A. Pehrkon  
Staff Director

**FROM:** Alison L. Doone  
Deputy Staff Director

**SUBJECT:** Response to Draft Report "Audit of Agency Controls Governing the Process for Procurement of Vendor Training Services"

This memorandum is in response to the Office of Inspector General (IG)'s draft report "Audit of Agency Controls Governing the Process for Procurement of Vendor Training Services" dated May 31, 2000.

In the Executive Summary of the draft report, the IG states that agency controls governing the procurement of training services "are not effective or efficient." The IG also suggests that the training procurement process is "paper intensive which is extremely costly; especially in terms of the unnecessary expenditure in staff time. Moreover, this paper driven and labor intensive process results in excessive cycle time, needless duplication of work, misdirected and lost paperwork, and allows payments to vendors for services not received."

We agree that the implementation of Commission-wide procedures for the procurement of training services will streamline the process and will result in the maintenance of more complete training records. As noted in our responses below, several of the recommendations already have been implemented. The scope of management controls for procurement of vendor training, however, should be viewed in relationship to the size of the training budget. Based on Exhibit 1 on page three of the draft report, since 1989, the median fiscal year expenditure for training has been \$89,850, .4% of the budget. As indicated in Exhibit 1, annual training expenses have not exceeded \$208,000, or .6% of the Commission budget, since FY 1989. Further, we are pleased to note that, during its audit, the IG found that all payments to vendors for training services were made based on approved invoices. Thus, while more comprehensive procedures might improve efficiency, there are existing controls that prevent unauthorized expenditure of

Commission funds, and there is no indication that Commission funds have been spent without authorization.

The implementation of procedures for the procurement of training services (IG Draft Report Recommendation 1) would address six (three of which already have been implemented) of the seven recommendations in the draft report and would result in the efficiencies needed in the procurement of vendor training. The seventh IG recommendation that the Commission "develop and implement a computer information system to replace the paper based system of records currently maintained for requesting and acquiring vendor training services" would require significant staff resources to implement. Further, the Commission has a number of significant information technology (IT) projects underway, including: implementation of mandatory electronic filing; development of programs to support the administrative fine program; completion of the six-month review and enhancement to the Case Management System; development of a Commission-wide document management system, including the replacement of the committee financial reports imaging system; and the conversion of more than 3,000 disclosure programs to a client/server system architecture. These are all large, complex projects that are critical to the Commission's disclosure and enforcement missions. We believe the need for a work flow process for training forms is a lower priority than implementation of these other critical projects.

Our response to each of the IG's recommendations in the draft report follows. We note that the Management Letter referred to as Appendix C in the table of contents was not included in the draft report, and therefore, we cannot comment on the letter.

#### **IG Draft Report Recommendation 1**

We recommend the FEC develop written policies and procedures that establish and document effective management controls for the procurement of vendor training services consistent with OMB Circular A-123.

#### **Management Response**

We concur. The improvement in the procurement of vendor training has begun. Since April 1, 2000, the Office of Personnel has required that all requests for vendor training be submitted on a SF-182, and since October 1, 1999, the Office of Personnel has maintained a file, by office, of each employee's training. In addition, the Office of Personnel will draft policies and procedures for the procurement of vendor training, establishing effective management controls in conformance with the requirements of OMB Circular A-123. The procedures also will conform to the negotiated policies established through the collective bargaining process with the National Treasury Employee Union.

The Office of Personnel plans to implement the full set of policies and procedures in October 2000.



**IG Draft Report Recommendation 2**

We recommend that the FEC design and implement management controls to ensure that each training request is uniformly processed through the agency.

**Management Response**

We concur. The policies and procedures for the procurement of vendor training described in our response to Recommendation 1 will establish a uniform process so that all training requests are handled in the same manner.

**IG Draft Report Recommendation 3**

We recommend the division/office use only the SF-182 for generating a request to the Office of Personnel for vendor training services.

**Management Response**

We concur, and this recommendation has been implemented. Since April 1, 2000, the Office of Personnel has required that all requests for vendor training be submitted on a SF-182. Requests for training submitted in any other format are returned unprocessed, and the Office of Personnel no longer prepares SF-182s for other offices. We see no need to accept only computer-generated SF-182s. Any properly completed, legible SF-182 is acceptable and will be processed. The policies and procedures for the procurement of vendor training described in our response to Recommendation 1 will require the use of the SF-182 for all training requests.

**IG Draft Report Recommendation 4**

We recommend the FEC establish management controls ensuring that a complete record is maintained of all staff attending vendor training services sponsored by the agency.

**Management Response**

We concur, and this recommendation has been implemented. Since October 1, 1999, the Office of Personnel has maintained a file, by office, of each employee's training, and the official record of training will be maintained by fiscal year by the Office of Personnel. The policies and procedures for the procurement of vendor training described in our response to Recommendation 1 will require all participants attending training, individual or group, to have a record of their training documented using the SF-182 maintained in the Office of Personnel.

**IG Draft Report Recommendation 5**

We recommend the FEC require all staff attending training to sign a form certifying that the vendor training services have been received.

**Management Response**

We concur, and this recommendation has been implemented. As of April 1, 2000, the Personnel Office has required employees attending training to sign the original SF-182 after they have attended the training in order to certify their attendance and completion of the training. This requirement will be incorporated in the policies and procedures for the procurement of vendor training described in our response to Recommendation 1. We, however, will continue to require that all receiving reports, FEC Form 10-14, for training be signed by designated staff authorized to approve payments.

**IG Draft Report Recommendation 6**

We recommend the FEC include all cost of training on the request for training (SF-182), including related expenses estimated and reported on the travel authorization form.

**Management Response**

We do not object to this recommendation. The policies and procedures for the procurement of vendor training described in our response to Recommendation 1 will require that the estimated cost of travel, for out-of-town training, be included on the SF-182. The actual cost of training will not be included on the SF-182. We note that 5 CFR 410.406 states that "agencies shall retain in such form and manner as the agency head considers appropriate, a record of payments made for travel, tuition, fees and other necessary training expenses for a reasonable period of time". It does not appear that Section 410 requires that training and travel expenses be linked. In conformance with OMB Directive A-11, the directive that establishes federal budgeting and reporting standards, we record and track training and travel expenses in their separately defined object classes. Thus, while we do not object to this recommendation, we are not aware of a requirement that training and travel expenses be linked for each training course.

**IG Draft Report Recommendation 7**

We recommend the FEC develop and implement a computer information system to replace the paper based system of records currently maintained for requesting and acquiring vendor training services.

**Management Response**

We disagree. As discussed above, with an annual training budget of approximately \$200,000, less than .6% of the annual Commission budget, and with no indication that automation of the training request process will create more efficiencies than the implementation of procedures incorporating IG Draft Report Recommendations 1 through 6, we do not believe that an automated vendor training request process would be cost effective. OMB Circular A-130 does not require federal agencies to automate all processes, and OMB Circular A-123 instructs agencies "to develop and implement appropriate, *cost-effective* management controls." (emphasis added)

The IG draft report provides an example of an agency that has implemented an automated system to record and track training activities. We understand that the agency is the National Science Foundation (NSF). NSF hired a contractor to develop a custom system to support an annual training budget of \$1.4 million (FY 1999) for 1,150 FTE. While this expenditure may have been cost effective for the NSF with its large training budget and large staff, we believe the costs outweigh the benefits for the Commission with a \$200,000 training budget and approximately 350 FTE.

In addition, as described above, the Commission has a number of high priority IT projects that must be implemented. Because of this we cannot expend resources on the evaluation and development of a system of lesser priority. One of the pending projects is the implementation and conversion to new accounting software. After the conversion to the new software, we plan to incorporate, in stages, the automation of the procurement process.

**OIG Response To Management's Comments  
on the Audit Report Findings and Recommendations**

Agency management agreed with six of the seven findings and related recommendations contained in our audit report (see **Appendix A** for agency comments). Management states that three of the audit recommendations have already have been implemented. In addition, management in their written comments recognizes that *“the implementation of Commission-wide procedures for the procurement of training services will streamline the process and will result in the maintenance of more complete training records.”* We likewise believe many of the identified systemic weaknesses in agency controls could be eliminated with the design and development of formal policies, along with the enforcement of agency-wide standard operating procedures.

However, management chose to disagree with one of our audit recommendations. In audit recommendation number seven, we recommended the agency develop and implement a computer information system to replace the current paper based system for processing transactions to procure vendor training services. Management's opposition to this audit recommendation seems to be two fold: First, management believes the development of an automated training request process would not be cost effective. Second, management takes the position that the agency cannot expend resources on the evaluation and implementation of a system with *“lessor priority,”* when more important computer information technology projects await development and implementation.

In their response, management states: *“we do not believe that an automated vendor training request process would be cost effective.”* They support their position by citing the small percentage of the agency's annual budget expended on training courses acquired from outside vendors. However, management fails to take into account that while those expenditures may be a small percentage of the overall budget, there is a substantial investment in staff resources in order to process training requests through the agency. This transaction flow is documented in detail in **Exhibit No. 3** of our audit report. As shown, paper copies of training requests along with related documentation are transferred and kept on file in at least four different agency locations: the individual division/office, the Office of Personnel, the Office of Administration, and the Finance Office. Agency staff in each of these offices have a reoccurring need for the information provided on the paper forms used to request procurement of vendor training services. Consequently, maintaining the paper based transaction process consumes a significant amount of agency staff time, which could be put to better use provided a central repository of information was available upon demand.

To further support their position in this regard, management uses an example taken from our audit report which illustrates an automated training request system successfully implemented at another Federal agency. Management reasons that because that Federal agency is three times larger than the FEC, implementation of an automated training request system may be cost effective for them; but not for a smaller agency, such as the FEC. We believe this conclusion needs further analysis before being accepted.

Management also identifies a number of information technology projects at the FEC with a higher priority than computerizing the process for agency staff to request vendor training services. While we acknowledge the importance of first implementing systems with a higher priority, we do not believe those efforts should mutually exclude the development of internal systems which increase the agency's efficiency. As stated in the body of our audit finding, the FEC currently has the necessary computer technology to develop a central database, as well as the ability to transfer vendor training requests electronically through the agency. As such, not only would the conversion from paper forms to electronic medium be a net savings, but also in alignment with the initiative to transition to an electronic Federal government. The intent of that government-wide transformation is to ensure that automatic data processing and other information technologies are acquired and used to improve service delivery and program management, increases productivity, improve the quality of decision making, reduces waste and fraud, and wherever practicable and appropriate, reduce the information processing burden for the Federal government and for persons who provide information to and for the Federal government.

In their response, management describes the planned implementation and conversion to a new accounting software; after which, management plans to automate the agency's procurement process. In light of these proposed internal development initiatives, our audit recommendation is modified as follows: **We recommend the FEC develop and implement a computer information system to replace the current paper based system of records for requesting and acquiring vendor training services, to coincide with the planned automation of the agency's procurement process.**

## ARTICLE 24

**TRAINING**

Section 1. The parties agree that training and development of employees is a matter of significant importance to fulfilling the mission of the Agency. The Employer agrees to make available to all employees, subject to budgetary limitations, training the Employer deems necessary for the performance of employees' present assigned duties, or proposed assignments.

Section 2. The Employer agrees that when an employee is reassigned from one bargaining unit position to another, the Employer will provide, subject to Section 4(A), training the Employer deems appropriate for the employee to perform the duties of the new position.

Section 3. The Employer will make available to all employees the most current information in its possession concerning available training or educational programs provided by the Office of Personnel Management and the Department of Agriculture Graduate School, upon request by the employee. Employees shall be reminded that this material is available in the Personnel Office in an annual written notice.

Section 4.

- A. Formal Technical/Professional --This is training directed or authorized by the Employer, normally occurring during regular workhours and paid for entirely by the Employer; e.g., a typing course for a clerical employee, or a statistical analysis course for an auditor. Employees are encouraged to discuss training needs with their supervisors and to request appropriate courses.
- B. Self-Development--Job-related training which is intended to improve performance skills in current jobs and/or to improve potential for performance in other agency positions. The Employer will reimburse either 100% or 75% (as provided below) of the costs of such training where the training is requested and approved in writing in advance, and when the employee provides certification of successful completion of the course. The Employer will provide prepayment for courses for those employees for whom tuition reimbursement would be an undue financial burden. There are two types of self development training programs:
  - 1. Off-Duty Hours--An employee who has obtained prior approval from the Employer shall be reimbursed for 100% of tuition costs for out of service job related training, taken during non-duty hours. Approval will be granted by the Employer when all of the following circumstances are met:

- a. The training will enable the employee to increase his/her ability to perform his/her current job or a job he/she can be reasonably expected to hold in the future.
  - b. Comparable training is not available through FEC developed courses, and it would be too costly for the FEC to develop a suitable program at this time.
  - c. Reasonable inquiry has failed to disclose suitable, adequate and timely programs being offered by other government agencies within the local area.
  - d. The course meets the needs of the employee and the Employer as well as or better than other courses of its nature which may also be available at that time.
  - e. The course is not being taken solely for the purpose of obtaining a degree.
  - f. Sufficient budgetary resources are available.
2. During Duty Hours--An employee who has obtained prior approval from the Employer shall be reimbursed for 75% of tuition costs for training outside the FEC during his/her work hours without charge to leave. The request must be submitted in writing to the employee's immediate supervisor. The Employer shall approve such training when:
- a. Workload problems do not preclude the employee's participation.
  - b. The training will enable the employee to increase his/her ability in his/her presently assigned duties or proposed assignments.
  - c. The training is not being taken solely for purposes of obtaining a degree.
  - d. Comparable training is not available through Employer training, and it would be too costly to develop a suitable training program at this time.
  - e. Comparable training is not available during non-work hours.

Section 5. Employees wishing to attend non-government training facilities may be required to sign continuation of service agreements pursuant to 5 U.S.C. §4108.

<b>REQUEST, AUTHORIZATION, AGREEMENT AND CERTIFICATION OF TRAINING</b>				A. Agency, code agency subelement and submitting office number (Example—XX-XX-XXXX)		01		B. OFFICE USE ONLY		
								C. Request status (Mark (X) one)		
								Initial or Resubmission	Correction or Cancellation	
<b>Section A—TRAINEE INFORMATION</b>										
1. Applicant's name (Last-First-Middle Initial)			Enter first 5 letters of last name		03		2. Social Security Number		04	
4. Home address (Number, street, city, State, ZIP code)			5. Home telephone		Area code		Number		6. Position level (Mark (X) one only)	
7. Organization mailing address (Branch-Division / Office / Bureau / Agency)			8. Office telephone		Area code		Number		9. Continuous civilian service	
									10. Number of prior non-government training days	
11a. Position title / function			11b. Applicant handi- capped or disabled (See instructions)		12. Pay plan / series / grade / step		13. Type of appointment		14. Education Level	
<b>Section B—TRAINING COURSE DATA</b>										
15a. Name and mailing address of training vendor (No., street, city, State, ZIP code)					15b. Location of training site (If same, mark box) <input type="checkbox"/>					
16. Course title and training objectives (Benefits to be derived by the Government)										
17. Catalog / Course No.		18. Training period (6 digits)			06		19. No. of course hours (4 digits)		07	
		Year			Month			Day		
		a. Start			b. Non-duty			a. Purpose		
		b. Complete			c. TOTAL			b. Type		
								08		
								09		
AGENCY USE ONLY										
<b>Section C—ESTIMATED COSTS AND BILLING INFORMATION</b>					<b>Section D—APPROVALS</b>					
21. Direct costs and appropriation / fund chargeable					26a. Immediate supervisor—Name and title					
Item		Amount		Appropriation / fund			Area code / Tel. No. / Extension			
		Dollars		Cents						
a. Tuition		\$					b. Signature			
b. Books or materials							Date			
c. Other (Specify)							27a. Second-line supervisor—Name and title			
d. (Enter 4 digits in dollar column)		12		TOTAL			Area code / Tel. No. / Extension			
		\$					b. Signature			
							Date			
22. Indirect costs and appropriation / fund chargeable					28a. Training officer—Name and title					
Item		Amount		Appropriation / fund			Area code / Tel. No. / Extension			
		Dollars		Cents						
a. Travel		\$					b. Signature			
b. Per diem							Date			
c. Other (Specify)										
d. (Enter 4 digits in dollar column)		13		TOTAL			29a. Authorizing official—Name and title			
		\$					Area code / Tel. No. / Extension			
23. Document / Purchase Order / Requisition No.					b. Signature					
24. 8-Digit station symbol					Approved					
(Example—12-34-5678)					Disapproved					
25. BILLING INSTRUCTIONS (Furnish invoice to):					30a. Certifying official—Name and title					
					Area code / Tel. No. / Extension					
					b. Signature					
					Date					
<b>Section E—APPROVAL / CONCURRENCE</b>										
<b>Section F—CERTIFICATION OF TRAINING COMPLETION</b>										
TRAINING FACILITY ➤ Bills should be sent to office indicated in item 25. • Please refer to number given in item 23 to assure prompt payment.										



**FEDERAL ELECTION COMMISSION  
INSPECTION AND RECEIVING REPORT**

To: Accounting Office

VENDOR

PURCHASE ORDER NUMBER

**REJECTION**

- ☐ Rejected - **you must notify the vendor in writing and notify the contract and procurement staff of your action. A copy of this letter must be attached to this receiving report or a memo indicating the action that was taken.** If there is a possible solution to this matter in the future, please keep the Accounting Office apprised of the situation.

SIGNATURE

TITLE

DATE

**ACCEPTANCE**

- ☐ Final Receipt (including a partial receipt when it completes the order)
- ☐ Partial Receipt - additional goods/services are to follow on this particular purchase order. If a partial receipt, you must indicate in "acceptance" or attach a document which specifies goods or services received.

The items listed below (i.e., attached purchase order, packing slip) have been inspected for type, kind, quantity, damage, operability (if readily determinable), packaging, marking, and installation, if applicable.

- ☐ Attached copy of purchase order is used in lieu of this listing.
- ☐ Requires advance payment and give explanation in description area.

DATE MATERIALS OR SERVICES RECEIVED

DESCRIPTION

QUANTITY ACCEPTED

I certify that the items(s) indicated above either have been received/accepted or rejected as indicated. To the best of my knowledge, the above items have not been previously approved for payment. If this receiving report is for an advance payment, I will notify the Accounting Office, within a reasonable period of the time, when the goods or services are not received or are rejected.

SIGNATURE

TITLE

DATE

**Final Audit Report**  
**Appendix G - FEC Form 10-5**

FEC FORM 10-05e (5/90)				Federal Election Commission				1. AUTHORIZATION NO. (for Administration Division use)			
<b>OFFICIAL TRAVEL AUTHORIZATION</b>											
2. TRAVELER (first name, middle initial, last name)						3. TITLE				4. SOCIAL SECURITY NUMBER	
5. ADDRESS TO WHICH REIMBURSEMENT CHECK WILL BE MAILED						6. OFFICE					
						7. OFFICIAL DUTY STATION				8. OFFICE PHONE NO.	
						9. TYPE <input type="checkbox"/> ORIGINAL <input type="checkbox"/> AMENDMENT				10. CATEGORY <input type="checkbox"/> SINGLE TRIP    ( <input type="checkbox"/> COST <input type="checkbox"/> NO COST )	
11. TRAVEL PURPOSE (check one) <input type="checkbox"/> SITE VISIT <input type="checkbox"/> INFORMATION MEETING <input type="checkbox"/> TRAINING ATTENDANCE <input type="checkbox"/> SPEECH OR PRESENTATION <input type="checkbox"/> CONFERENCE ATTENDANCE <input type="checkbox"/> COURT APPEARANCE <input type="checkbox"/> DEPOSITION <input type="checkbox"/> OTHER (Specify)											
12. SPECIFIC TRAVEL PURPOSE											
<b>13. AUTHORIZED OFFICIAL ITINERARY</b> <b>NOTE: DO NOT include any personal sidetrips or modes of transportation that are for personal convenience and/or preference.</b>											
a. DATE		b. ITINERARY POINT				PER DIEM RATES			f. ACTUAL EXPENSE RATE (if authorized)		
		CITY	STATE	AIRLINE	FLIGHT NO.	c. M & IE RATE	d. MAXIMUM LODGING	e. TOTAL MAXIMUM			
		FROM: Washington, D.C.									
		TO:									
		TO:									
		TO:									
		TO:									
YES	NO	14. IS THE EMPLOYEE MAKING ANY DEVIATIONS FROM THE AUTHORIZED ITINERARY FOR PERSONAL CONVENIENCE, TAKING ANY ANNUAL LEAVE OR USING A DIFFERENT MODE OF TRANSPORTATION FOR PERSONAL CONVENIENCE? (If "YES", explain in Item 23.) (Note: Any deviations from the authorized itinerary requires a comparative cost statement on the SF 1012 Travel Voucher)									
		15. IF AIR TRANSPORTATION OR STANDARD RAIL IS THE AUTHORIZED MODE OF TRAVEL BETWEEN ITINERARY POINTS, IS THE LOWEST-PRICED CONTRACT CARRIER BEING USED BETWEEN ALL ITINERARY POINTS? (If "NO", justify in Item 23)									
		16. IS EXTRA-FARE AIR (first class, business class, ect.) OR RAIL (Metrolub, Pullman, ect.) AUTHORIZED? (If "YES", justify in Item 23.)									
		17a. WILL P.O.V. BE USED FOR ANY TRAVEL BETWEEN ITINERARY POINTS? (If "YES", check one box below and complete Item 17b.) <input type="checkbox"/> USE OF P.O.V. IS ADVANTAGEOUS TO THE GOVERNMENT <input type="checkbox"/> THOUGH NOT ADVANTAGEOUS TO THE GOVERNMENT, USE OF P.O.V. HAS BEEN DETERMINED TO BE FOR PERSONAL CONVENIENCE AND REIMBURSEMENT LIMITED TO CONSTRUCTIVE COST OF COMMON CARRIER.								17b. MILEAGE RATE AUTHORIZED PER \$ _____	
		18. IS ACTUAL EXPENSE UNUSUAL CIRCUMSTANCES AUTHORIZED? (If "YES", justify in Item 23.) IF ACTUAL EXPENSE IS AUTHORIZED, THE FOLLOWING APPLY: (1) EXPENSE MUST BE ITEMIZED EACH DAY. (2) RECEIPTS ARE REQUIRED FOR LODGING AND ANY MEAL OVER \$25.00. (3) REIMBURSEMENT FOR MEALS AND MISCELLANEOUS SUBSISTENCE EXPENSE MAY NOT EXCEED 150% OF PER DIEM M&IE RATE (Item 13c).									
		19. WILL A COMMERCIAL RENTAL VEHICLE BE REQUIRED DURING THIS TRIP? (Estimate cost in Item 23.)									
20. TRAVELER IS (check one) <input type="checkbox"/> a. GOVT CHARGE CARD HOLDER <input type="checkbox"/> b. GOVT CHARGE CARD DECLINEE <input type="checkbox"/> c. INFREQUENT TRAVELER						21. METHOD OF OBTAINING COMMON CARRIER TICKETS (check one) (Note: If Item 20a was checked and you check 21b or 21c, explain in Item 23.) <input type="checkbox"/> a. INDIVIDUAL GOVT CHARGE CARD <input type="checkbox"/> b. BLANKET GOVT CHARGE CARD <input type="checkbox"/> c. GOVT TRANSPORTATION REQUEST <input type="checkbox"/> d. OTHER (Explain in Item 23.)				22. FUNDS OBLIGATED (Admin. Use) a. INITIALS _____ b. DATE _____	
23. REMARKS								24. ESTIMATED COST TO GOVERNMENT a. TOTAL COMMON CARRIER COST \$ _____ b. TOTAL PER DIEM AND OTHER (explain "OTHER" in Item 23.) \$ _____ c. TOTAL COST ESTIMATE \$ _____			
25. TRAVEL ADVANCE LIMITED TO 80% OF EMPLOYEE INCURRED EXPENSES EXCEPT WHEN UTILIZING GOVERNMENT - ISSUED CHARGE CARD. IS TRAVEL ADVANCE REQUESTED? <input type="checkbox"/> YES <input type="checkbox"/> NO    (If "YES", submit Form SF 1038 to Admin Div.)								26. ADVANCE AMOUNT AUTHORIZED \$ _____			
27. I certify that the travel herein was reviewed and determined to be essential for the accomplishment of agency programs and missions. APPROVING OFFICIAL'S SIGNATURE AND TITLE _____ DATE APPROVED _____						28. OFFICE OF PLANNING & MANAGEMENT APPROVAL SIGNATURE AND TITLE _____ DATE APPROVED _____					
29. DAC ACCOUNTING CLASSIFICATIONS						30. AUTHORIZING OFFICIAL'S SIGNATURE AND TITLE _____ DATE APPROVED _____					